

Farm Credit Administration

1501 Farm Credit Drive
McLean, Virginia 22102-5090
(703) 883-4000

July 11, 2002



Ms. Angela B. Styles, Administrator
Office of Federal Procurement Policy
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Ms. Styles:

This letter is in response to your memorandum dated February 27, 2002, regarding the "Year 2002 Inventory of Commercial Activities."

The Farm Credit Administration (FCA or agency) is an independent Federal agency responsible for the regulation and examination of the institutions of the Farm Credit System (System). In 1999, consistent with the requirements of the Federal Activities Inventory Reform Act of 1998 (FAIR Act) and Office of Management and Budget (OMB) Circular A-76, we inventoried our processes to identify commercial activities performed by FCA. The first inventory was sent to OMB for review and there were several questions and clarifications. The inventory resulted in 80 full-time equivalents (FTEs) classified as commercial activities. The inventory was made available to the public and numerous requests for the inventory were filled. There were no administrative challenges or appeals to the 1999 inventory. There were no questions or clarifications of the 2000 and 2001 inventories, and no administrative challenges or appeals to those inventories.

The FY 2002 Commercial Activities and Inherently Governmental Inventories are enclosed as Appendix 1. Based on a recent re-analysis of all positions, certain positions warranted new Function Codes due to occasional and minor shifts in aspects of a position. This was especially true for the Office of Chief Financial Officer and the Office of Policy and Analysis. Some positions were properly considered to be inherently governmental in the past, but are now commercial activities, while others were classified commercial activities in the past, but the position is now involved in inherently governmental activities.

A major change was the reclassification of 130 positions that perform the agency's core function and conduct examinations of System institutions, to commercial activities, per discussions with OMB personnel. Section 5.19 of the Farm Credit Act of 1971, as amended (12 U.S.C. §§ 2001 et seq.) states that FCA employees must perform this function. Accordingly, since our Act requires that FCA employees perform this function, these positions cannot be competed with the commercial sector, even though they are now being classified as commercial activities.

The FCA's review process is to direct challenges to responsible officials for initial review. The official designated by the head of the agency will respond to each challenge with an explanation of the determination and explanatory information with the right to appeal the decision. If the challenge results in a change to the inventory, the inventory will be revised and made available to the public. Any appeal would be forwarded to the agency's Inspector General for review and recommendation to the Chief Executive Officer for a final determination and explanation of the appeal. The challenge and appeals process is enclosed at Appendix 2.

The FCA has a total of 285 FTEs. As indicated in the enclosure, 207 FTEs are included in the FY 2002 Commercial Activities Inventory, and 78 FTEs are included in the FY 2002 Inherently Governmental Inventory. The agency outsources a number of commercial activities. These include payroll processing, performing the annual financial audit, building and equipment maintenance, travel services, technical advice, training, and other services performed under contract.

Should you have any questions, please contact Philip J. Shebest, Chief Administrative Officer, Farm Credit Administration, 1501 Farm Credit Drive, McLean, Virginia 22102-5090. Mr. Shebest's telephone number is 703-883-4135, his email address is ShebestP@FCA.gov, and fax number is 703-893-2608.

Sincerely,

Michael M. Reyna
Chairman and Chief Executive Officer

Enclosures

Copy to: Ms. Jennifer Wager-Bell, Program Examiner
Office of Management and Budget
New Executive Office Building, Room #8013
725 17th Street, NW
Washington, DC 20503

